



#### Air Pollution Control Board

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December 26, 2014

## NOTICE OF WORKSHOP

### FOR DISCUSSION OF DRAFT PROPOSED AMENDMENTS TO RULE 40 – PERMIT AND OTHER FEES

The San Diego County Air Pollution Control District (District) will hold a public meeting at the County Operations Center to consider comments regarding draft proposed amendments to Rule 40 – Permit and Other Fees. Comments and questions concerning the draft proposed amendments may be submitted in writing before or made at the workshop, which is scheduled as follows:

**DATE:** Friday, January 23, 2015

**TIME:** 9:00 a.m. to 11:00 a.m.

**PLACE:** San Diego County Operations Center  
5500 Overland Avenue, First Floor, Room 120  
San Diego, CA 92123

State law authorizes the District to adopt fees to recover the costs to administer a mandated air quality program. The District's fees are specified in Rule 40 and include initial permit application fees, annual permit renewal fees, emissions fees, and other fees as specified. Moreover, there are two types of fees – those charged on a time and materials basis and fixed fees. In both cases, the fees are based on an hourly labor rate and the total labor hours expended.

The District is further authorized to increase fees as necessary to recover the cost of District operations. The District's fees were last updated in 2011, but since that time its labor costs have increased by 6%. Contributing factors include incremental step increases in salaries for qualifying staff (based on length of service), modest increases in staff salaries and benefits under the negotiated labor agreements, and increased costs of the employee retirement system. The District's analysis shows the need for a proposed increase in labor rates ranging from 5% to 6% to ensure program cost recovery as required by State law.

In addition, fixed permit fees are proposed for revision to reflect changes in the number of labor hours expended. Some fixed fees are proposed to be reduced based on process improvements, while others may increase due to new regulatory requirements that increase the number of labor hours expended.

Historically, fixed permit fees have been based on a five-year average of the District's labor expenditures for each equipment type (fee category). However, this practice has resulted in the fixed permit fees lagging behind current labor costs, new regulations, and process improvements. Accordingly, the District has evaluated labor expenditures over the most recent year and conducted supplemental time surveys and task analyses to identify the labor hours expended for each equipment type. The draft proposed amendments to fixed permit fees reflect the results of these labor analyses.

**OVER**

Initial Permit Applications: Fixed permit application fees for nine (9) types of equipment would be reduced by 19% (\$159) on average. Conversely, fixed permit application fees for 49 types of equipment would be increased by 9% (\$132) on average.

Annual Permit Renewals: Fixed permit renewal fees for 14 types of equipment would be reduced by 39% (\$494) on average. Conversely, fixed permit renewal fees for 165 types of equipment would be increased by 18% (\$71) on average.

Emissions Fees: No changes to the Emissions Fees are proposed.

Source Test Fees: In addition to permit fees, the District charges separate fees to conduct emissions measurement tests ("source tests") upon request by a permitted source. These tests are required periodically, typically annually or less frequently, at approximately 120 different facilities to verify compliance with applicable emission limits. The District has determined that its existing source test fees are insufficient by a substantial margin due to a long history of subsidizing this program. This practice is unsustainable and a proposed source test fee increase of approximately 65% is needed to ensure appropriate cost recovery. For example, the District's fee to conduct the most common type of source test, CO and NOx (92F), would increase from \$2,002 to \$3,281 under this scenario.

The District is the only air district in California that offers an emissions measurement service; permitted facilities in other regions utilize a third-party contractor to measure emissions. That option will continue to be available in San Diego County, as local facilities are not required to rely on the District to conduct a source test. In such cases, the District must still observe the source test to ensure it is conducted pursuant to regulatory protocols; the District will continue to charge for the time required to make these observations.

Other Amendments: Additional Rule 40 amendments are proposed to remove obsolete language, clarify fee payment due dates, and increase the permit Processing Fee from \$95 to \$125.

**Visit the District's Website for More Information**

The draft proposed amendments to Rule 40 and the workshop's location map are available on the District's website at [http://www.sdapcd.org/homepage/public\\_part/workshops/public\\_workshops.pdf](http://www.sdapcd.org/homepage/public_part/workshops/public_workshops.pdf) or you may contact Janet McCue at (858) 586-2712. If you have any questions concerning the draft proposed amendments, please contact Daniel Knowlton at (858) 586-2607.



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Air Pollution Control District

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